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VIA ELECTRONIC FILING

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

RE: Petition of Duke Energy Progress, LLC for an Accounting Order Related to the
Asheville Combined Cycle Generating Plant
Docket No. 2020-144-E

Dear Ms. Boyd:

By this letter the South Carolina Office of Regulatory Staff (“ORS”) hereby notifies the Public Service Commission of South Carolina (“Commission”) that ORS has reviewed the filing submitted by Duke Energy Progress, LLC (“DEP” or “Company”) for a petition of DEP for an accounting order related to the Asheville Combined Cycle Generating Plant.

Overview of Company’s Request

As part of the Company’s Western Carolinas Modernization Project, DEP retired two coal-fired units at the Asheville site on January 29, 2020. The coal-fired units were replaced with Asheville Combined Cycle Station (“Asheville CC”), which consists of two 280-megawatt Combined Cycle Power Blocks. The Company requests the Public Service Commission of South Carolina (“Commission”) to issue an accounting order for regulatory accounting purposes authorizing DEP to defer in a regulatory asset account certain post-in-service costs being incurred in connection with the addition of the 560-megawatt Asheville CC as part of the Company’s Western Carolinas Modernization Project.

Per the Company’s request, DEP is seeking to defer costs associated with the Asheville CC’s cost of capital, depreciation expense, property taxes, incremental O&M net of O&M savings and carrying costs at the Company’s weighted average cost of capital. The following list identifies the estimated monetary amounts DEP is seeking to defer in a regulatory asset account:

- Cost of Capital - \$5.5 million
- Depreciation Expense - \$2.8 million
- Property Taxes - \$0.3 million
- O&M - \$(0.6) million
- Carrying Costs - \$0.2 million
- Total Deferred Cost - \$8.2 million

The Company notes in its request that the unrecovered incremental costs will be submitted as a cost component of electric rates in DEP's next rate case filing. DEP's petition includes an estimate of deferred costs but notes that deferred costs to be recorded on the Company's accounting records will be based on actual costs and the effective date of new rates in the Company's next rate case. DEP also notes in its request that neither notice to the public at-large, nor a hearing is required regarding this Petition.

ORS Recommendation

Based on its review, ORS does not object to the Company's request for an accounting order related to the Asheville Combined Cycle Generating Plant. The Company's request will not involve a change to any retail rates or prices at this time or require any change in any Commission rule, regulation, or policy. ORS's position is predicated on the basis that the issuance of an accounting order in this matter will not preclude the ORS, Commission, or any other party from addressing the reasonableness and prudence of these costs as well as determining if carrying costs should be included on all or part of the deferral in a subsequent general rate case or other proceeding. ORS reserves its right to review the matter of this deferral in full in a subsequent general rate case or other proceeding and DEP has no objective right, entitlement or guarantee to recovery of the costs or return included in the regulatory asset account.

Please do not hesitate to contact me.

Very truly yours

s/ Jeffrey M. Nelson

Jeffrey M. Nelson

cc: All Parties of Record (via e-mail)
David Butler, Esquire (via e-mail)